

## **TURK TELEKOM AIMS HIGH SINGLE DIGIT CONSOLIDATED REVENUE GROWTH IN 2008 - CHIEF EXECUTIVE DOANY**

### **TURK TELEKOM SEEKS OPPORTUNITIES FOR ACQUISITIONS IN CENTRAL ASIA AND CENTRAL EASTERN EUROPE WITH PARENT OGER OR ALONE - DOANY**

### **TURK TELEKOM PLANS APPLICATION AGAINST TURKCELL'S TERMINATION RATES AND ON-NET OFF-NET PRICING POLICY-DOANY**

**INTERVIEW-Turk Telekom sees 2008 growth, plans M&A**

**By Ercan Ersoy**

**ISTANBUL, June 23 (Reuters) - Turk Telekom <TTKOM.IS>, Turkey's incumbent telecom operator, aims a "high single digit consolidated revenue growth" in 2008 and some acquisitions with its parent Oger Telecom or alone in Central Asia and Central/Eastern Europe, its chief executive said on Monday.**

**Turk Telekom was 55-percent privatised in 2005 to Dubai-based Oger Telecom for \$6.55 billion. Turkey also offered 15 percent from the remaining government stake to public in May in the country's largest IPO that earned it \$1.9 billion.**

**"Turk Telekom looks into opportunities for acquisitions in Central Asia and Central/Eastern Europe either alone or with its parent Oger Telecom," Dr. Paul Doany told Reuters in an interview. "If the right opportunity comes, we may have a deal this year. I cannot comment any further."**

**"Among other opportunities, we are hoping the Azeri government to issue a tender for the fixed line business this year. We are also hoping for other mobile opportunities in the region"**

**Dr. Doany said Turk Telekom also planned acquisition of an IT company in Turkey "to support the operations of our IT companies Argela and Innova" and that was planned to be completed this year.**

**Doany said the company, which has 9.23 billion lira (\$7.5 billion) of revenues in 2007, was also expected to have a "mid single digit EBITDA" growth this year.**

### **DISPUTE WITH TURKCELL**

**Turk Telekom indirectly competes in the country's booming mobile market through its majority control of wireless carrier Avea, the third biggest player in Turkey.**

**Doany said Turk Telekom and Avea would soon apply to the country's telecoms and competition watchdogs to resolve a dispute with the country's biggest mobile operator Turkcell <TCELL.IS><TKC.N> over Turkcell's alleged "anti-competitive pricing policy and also its discriminatory mobile termination pricing."**

**Turk Telekom and Avea accuse Turkcell of offering packages or services to its clients at prices that are below its costs, and also over charge for calls to other networks (off-net calls), way in excess of their termination fees, which latter fees it charges for calls from other operators into its network.**

**"There are two issues with Turkcell. One is the high mobile termination rates it imposes on Turk Telekom and Avea and the other is their low on-net pricing that undermines competition in market, when coupled with its very high off-net pricing."**

**"If we cannot solve these issues, we will resort to regulatory authority, competition authority, and also the courts" Doany said.**

**Legal analysts close to the matter said the claims by Turk Telekom and Avea were expected to be in excess of 500 million lira (\$390 million) if the court agreed with the allegations.**

#### **TELKOM OFFER REMAINS**

**Doany, also the CEO of Oger Telecom, said Oger was happy to negotiate its new offer to South Africa's largest telecom operator Telkom <TKGJ.J> with Telkom's potential buyers.**

**Telkom <TKGJ.J> received an offer by a consortium led by Mvelaphanda Group <MVGJ.J> for its entire share capital and another offer from a Vodafone <VOD.L> unit for its 50 percent stake in mobile phone operator Vodacom.**

**Oger Telecom, which owns South Africa's mobile operator Cell C, wants to merge Cell C and Telkom's fixed line business on condition that Telkom's mobile unit be sold off. South African government rejected Oger's first offer in April.**

**"We want to create a model in South Africa that is similar to that we have in Turkey between Turk Telekom and Avea. We believe fixed/mobile convergence to be ideally suited to the market in South Africa, and that there is much to be gained by all stakeholders in that regard," Doany said.**